## Message Text

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DRAFTED BY EUR/RPM:LBRECKON APPROVED BY EUR/RPM:CHTHOMAS NSC STAFF:RTHOMSEN OSD/ISA:CAPT MCMICHAEL PM:RERICSON

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O R 180007Z AUG 78 FM SECSTATE WASHDC TO ALL NATO CAPITALS IMMEDIATE AMEMBASSY MADRID IMMEDIATE INFO AMEMBASSY MOSCOW

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E.O. 11652: GDS

TAGS: NATO, MPOL

SUBJECT: VETO OF DEFENSE AUTHORIZATION BILL

- 1. THE PRESIDENT THIS AFTERNOON VETOED THE DEFENSE PROCUREMENT AUTHORIZATION BILL, WHICH INCLUDED--AT CONGRESSIONAL INITIATIVE--DOLLARS 2 BILLION FOR CONSTRUCTION OF A NUCLEAR POWERED AIRCRAFT CARRIER. TEXT OF THE PRESIDENTIAL ANNOUNCEMENT WILL BE CARRIED OH THE WIRELESS FILE. ACTION ADDRESSEES SHOULD TAKE THE INITIATIVE TO MAKE THE FOLLOWING POINTS IN ALLIED CAPITALS, AT THE LEVEL YOU DEEM APPROPRIATE. USNATO SHOULD DRAW ON THE POINTS AS APPROPRIATE.
- 2. THE PRESIDENT HAS REQUESTED TOTAL OBLIGATIONAL CONFIDENTIAL

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AUTHORITY (TOA) FOR DEFENSE FOR FY79 OF DOLLARS 126 BILLION. HIS ACTION TODAY DOES NOT REFLECT ANY INTENTION TO REDUCE DEFENSE SPENDING. ON THE CONTRARY, THE PRESIDENT REMAINS COMMITTED TO THE SAME LEVELS OF TOA. THE ISSUE IS HOW SUCH FUNDING CAN BE USED TO THE GREATEST EFFECT FOR OUR SECURITY AND THAT OF OUR ALLIES.

- 3. IN ORDER TO STAY AT THE OVERALL CEILING OF DOLLARS 126 BILLION, WHICH IS AT OR SLIGHTLY ABOVE WHAT THE CONGRESS IS PREPARED TO PROVIDE, AND STILL FUND THE NUCLEAR CARRIER, CUTS HAD BEEN MADE IN CONGRESS IN SEVERAL AREAS AFFECTING IMPORTANT PROGRAMS. THE MOST SERIOUS WERE DOLLARS 800 MILLION CUT FROM ARMY PROCUREMENT, MUCH OF IT INTENDED TO PRODUCE REAL GROWTH IN CAPABILITIES: DOLLARS 500 MILLION CUT FROM OPERATIONS AND MAINTENANCE (O AND M) FOR ALL SERVICES, WHICH WOULD SERIOUSLY IMPAIR PROGRAMS TO IMPROVE READINESS; AS MUCH AS DOLLARS 500 MILLION CUT FROM RESEARCH AND DEVELOPMENT, WHICH COULD HAVE SERIOUS LONG-TERM EFFECTS ON QUALITATIVE IMPROVEMENTS; AND DOLLARS 200 MILLION CUT FROM THE AIR FORCE, WHICH WOULD HARM US REINFORCEMENT CAPABILITIES. THESE ARE ALL NATO GOALS OF PRIME IMPORTANCE.
- 4. THE VETO DOES NOT REPRESENT A DOWN-GRADING OF THE IMPORTANCE THE US ATTACHES TO AIRCRAFT CARRIERS AS A SIGNIFICANT COMPONENT OF OUR FORCES. THE CONGRESSIONALLY-MANDATED PROGRAM IN THIS BILL, HOWEVER, COMES AT THE WRONG TIME.
- 5. THE DEFENSE PROCUREMENT BILL FOR FY 1979 HAS BEEN RETURNED TO CONGRESS. THE ADMINISTRATION CONFIDENTIAL

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WILL TRY TO RESTORE THE CUTS DESCRIBED ABOVE IN ORDER TO MAINTAIN PROGRAMS OF VITAL CONCERN TO OUR ALLIES AS WELL AS OURSELVES.

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